



**SOUTHEASTERN REGIONAL OFFICE**  
**61 FORSYTH STREET, SW, ROOM 7T50**  
**ATLANTA, GEORGIA 30303**  
**TELEPHONE: 404-331-3415**  
**FAX-ON-DEMAND 404-331-3403**  
**Request Document No. 9420**

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Media Contact: Michael Wald  
(404) 331-3446  
Internet address: <http://www.bls.gov/ro4/home.htm>

## **EMPLOYER COSTS FOR EMPLOYEE COMPENSATION** **SOUTH REGION: DECEMBER 2002**

In December 2002, private industry employer costs for employee compensation in the South<sup>1</sup> averaged \$19.77 per hour worked, according to data released by the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Janet S. Rankin noted that hourly compensation in the other three census regions was \$25.36 in the Northeast, \$23.20 in the West, and \$21.83 in the Midwest. Compensation for all private industry workers in the U.S. averaged \$22.14 per hour. (See table 1.)

Wages and salaries in the South averaged \$14.54 per hour worked, representing 73.5 percent of total compensation costs. Among other regions of the country, average wage costs were \$18.15 in the Northeast, \$16.99 in the West, and \$15.68 in the Midwest. Nationally, wages and salaries averaged \$16.08, which accounted for 72.6 percent of total compensation costs.

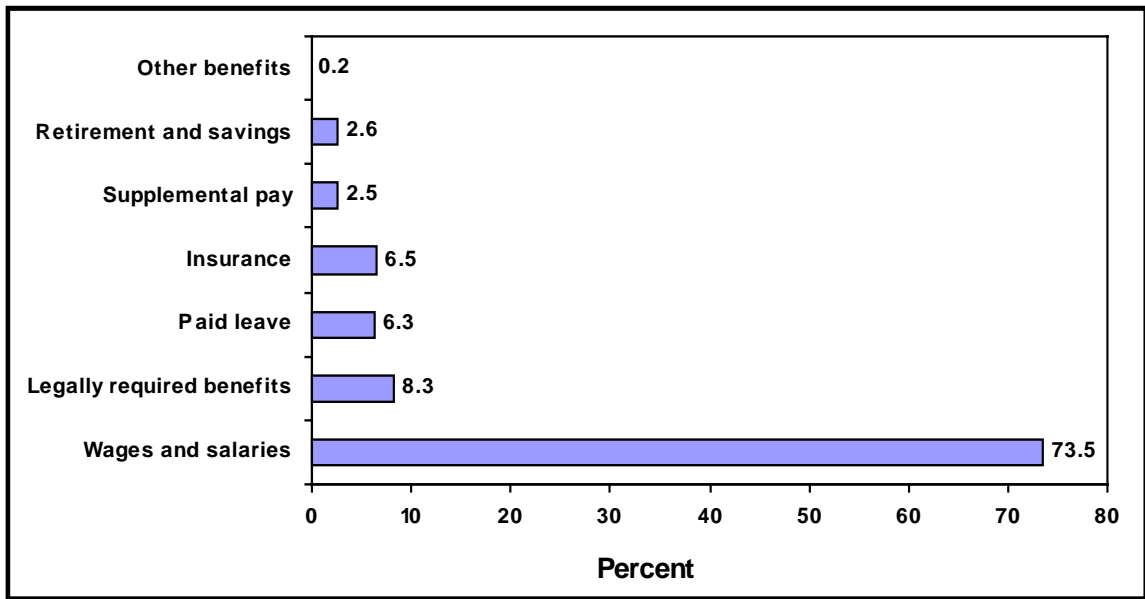
Benefit costs in the South comprised the remaining 26.5 percent of total compensation costs, averaging \$5.24 per hour worked. The proportion of total compensation paid for benefits in the Northeast region was 28.5 percent, in the Midwest, 28.2 percent, and in the West, 26.8. Nationally, benefit costs represented 27.4 percent of total compensation costs.

Among the benefit categories, the largest employer cost was legally required benefits, such as Social Security, unemployment insurance, and workers' compensation. Legally required benefits averaged \$1.65 per hour worked in the South region, and comprised 8.3 percent of total compensation costs. Other important benefit categories and their average hourly costs included: insurance, \$1.29; paid leave, \$1.25; retirement and savings, \$0.51; and supplemental pay, \$0.50. (See charts 1 and 2.)

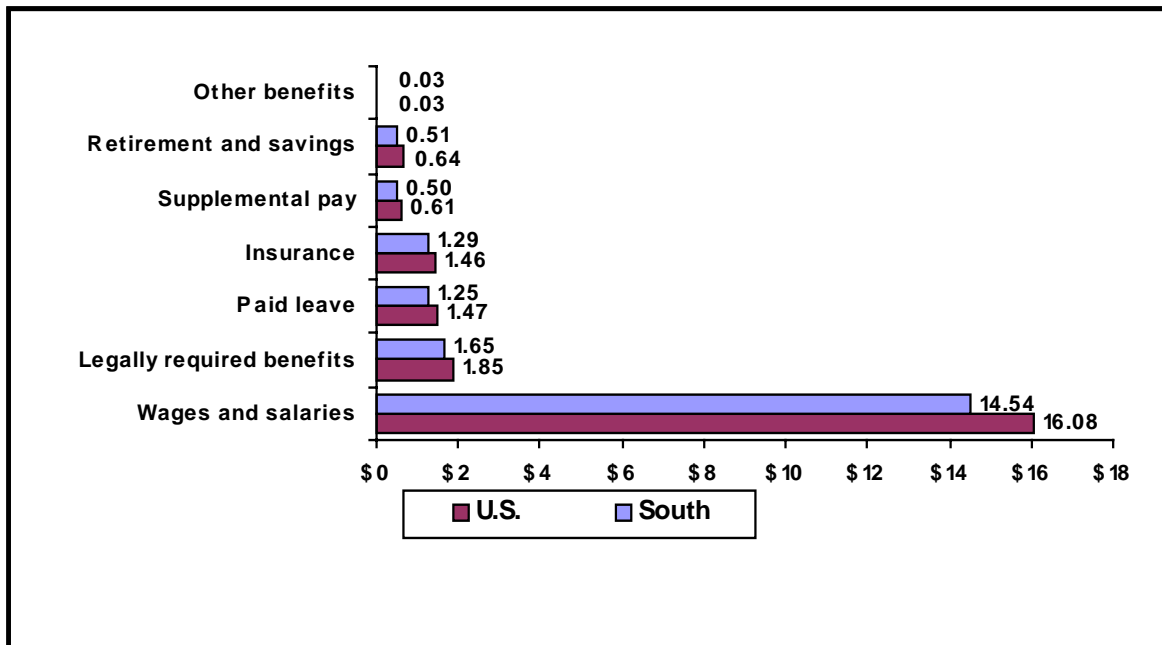
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<sup>1</sup>States included in the South Census Region are Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

**Chart 1: Percent distribution of employer costs for employee compensation for private industry workers in the South region, December 2002**



**Chart 2: Employer dollar costs for employee compensation for private industry workers, U.S. and South region, December 2002**



**Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation, private industry, U.S. and regions, December 2002**

			REGION <sup>1</sup>							
	U.S.		South		Northeast		Midwest		West	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
Total compensation .....	\$22.14	100.0	\$19.77	100.0	\$25.36	100.0	\$21.83	100.0	\$23.20	100.0
Wages and salaries .....	16.08	72.6	14.54	73.5	18.15	71.6	15.68	71.8	16.99	73.2
Total benefits .....	6.07	27.4	5.24	26.5	7.22	28.5	6.15	28.2	6.21	26.8
Paid leave .....	1.47	6.6	1.25	6.3	1.86	7.3	1.40	6.4	1.52	6.6
Vacation .....	0.74	3.3	0.63	3.2	0.93	3.7	0.70	3.2	0.76	3.3
Holiday .....	0.50	2.3	0.42	2.1	0.62	2.4	0.49	2.2	0.52	2.2
Sick .....	0.17	0.8	0.15	0.8	0.22	0.9	0.14	0.6	0.19	0.8
Other .....	0.06	0.3	0.05	0.3	0.08	0.3	0.07	0.3	0.05	0.2
Supplemental pay .....	0.61	2.8	0.50	2.5	0.75	3.0	0.72	3.3	0.54	2.3
Premium <sup>2</sup> .....	0.24	1.1	0.22	1.1	0.22	0.9	0.31	1.4	0.24	1.0
Shift differentials .....	0.06	0.3	0.04	0.2	0.06	0.2	0.09	0.4	0.05	0.2
Nonproduction bonuses .....	0.31	1.4	0.24	1.2	0.47	1.9	0.33	1.5	0.25	1.1
Insurance .....	1.46	6.6	1.29	6.5	1.70	6.7	1.54	7.1	1.41	6.1
Life .....	0.04	0.2	0.04	0.2	0.05	0.2	0.04	0.2	0.04	0.2
Health .....	1.35	6.1	1.18	6.0	1.57	6.2	1.42	6.5	1.32	5.7
Short-term disability .....	0.04	0.2	0.04	0.2	0.05	0.2	0.05	0.2	0.03	0.1
Long-term disability .....	0.03	0.1	0.03	0.2	0.03	0.1	0.04	0.2	0.03	0.1
Retirement and savings .....	0.64	2.9	0.51	2.6	0.83	3.3	0.64	2.9	0.67	2.9
Defined benefit .....	0.22	1.0	0.16	0.8	0.28	1.1	0.28	1.3	0.22	0.9
Defined contribution .....	0.42	1.9	0.35	1.8	0.55	2.2	0.37	1.7	0.45	1.9
Legally required benefits .....	1.85	8.4	1.65	8.3	2.04	8.0	1.80	8.2	2.05	8.8
Social Security <sup>3</sup> .....	1.34	6.1	1.22	6.2	1.50	5.9	1.32	6.0	1.42	6.1
OASDI .....	1.08	4.9	0.98	5.0	1.19	4.7	1.06	4.9	1.14	4.9
Medicare .....	0.26	1.2	0.24	1.2	0.30	1.2	0.26	1.2	0.28	1.2
Federal unemployment insurance .....	0.03	0.1	0.03	0.2	0.03	0.1	0.03	0.1	0.03	0.1
State unemployment insurance .....	0.10	0.5	0.07	0.4	0.14	0.6	0.09	0.4	0.11	0.5
Workers' compensation .....	0.38	1.7	0.33	1.7	0.37	1.5	0.36	1.6	0.49	2.1
Other benefits <sup>4</sup> .....	0.03	0.1	0.03	0.2	0.04	0.2	0.04	0.2	0.02	0.1

<sup>1</sup> The regional coverage is as follows: Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

<sup>2</sup> Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays).

<sup>3</sup> The total employer's cost for Social Security is comprised of an OASDI portion and a Medicare portion. OASDI is the acronym for Old-Age, Survivors, and Disability Insurance.

<sup>4</sup> Includes severance pay and supplemental unemployment benefits.

Note: The sum of individual items may not equal totals due to rounding.

## **EXPLANATORY NOTES**

Employer Costs for Employee Compensation (ECEC) measures the average cost per employee hour worked that employers pay for wages and salaries and benefits. Employer Costs for Employee Compensation include data from both private industry and State and local government. Data in this release, however, are limited to private industry workers and exclude public sector employees. Not included in the ECEC survey are the self-employed, and farm, household, and Federal government workers. The survey is conducted during the payroll period that includes December 12<sup>th</sup> as the reference period.

Wages and salaries are defined as the hourly straight-time wage rate or, for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions and include production bonuses, incentive earnings, commission payments, and cost-of-living adjustments. Not included in straight-time earnings are nonproduction bonuses such as lump-sum payments provided in lieu of wage increases, shift differentials, and premium pay for overtime and for work on weekends and holidays; these payments are included in the benefits component.

Benefits include: Paid leave--vacations, holidays, sick leave, and other leave; supplemental pay--premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, and nonproduction bonuses (such as referral bonuses and lump-sum payments provided in lieu of wage increases); insurance benefits--life, health, short-term disability, and long-term disability; retirement and savings benefits--defined benefit and defined contribution plans; legally required benefits--social security, medicare, Federal and State unemployment insurance, and workers' compensation; and other benefits--severance pay and supplemental unemployment plans.

The December 2002 levels of Employer Costs for Employee Compensation were calculated using December 2002 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 2001 universe of all private nonfarm establishments. Since March 2001, ECEC data have been published on a quarterly basis instead of annual, with data collected for the pay period including the 12<sup>th</sup> day of the survey months of March, June, September, and December. Publication of quarterly ECEC data takes place approximately three months after the month of reference. Information on the data series can be obtained by calling (202) 691-6199, visiting the Internet site (<http://www.bls.gov/ncs/ect/home.htm>), or by e-mail request ([ocltinfo@bls.gov](mailto:ocltinfo@bls.gov)).

### **Comparison of ECEC and ECI**

In contrast to the ECEC, which uses current weights to calculate cost levels, the Employment Costs Index (ECI) measures the change in employer costs for employee compensation with fixed 1990 employment counts to prevent employment shifts among occupations and industries from influencing the changes. Therefore, year-to-year changes in the ECEC will differ from those in the ECI.

### **Obtaining information**

Articles, bulletins, and other information on employer costs and employee compensation may be obtained by calling the Bureau's Southeast information office in Atlanta at (404) 331-3415 or send an e-mail to [BLSinfoAtlanta@bls.gov](mailto:BLSinfoAtlanta@bls.gov). You may also obtain information from the Office of Compensation Levels and Trends in Washington, D.C. at (202) 691-6199, sending an e-mail message to [ocltinfo@bls.gov](mailto:ocltinfo@bls.gov), or visiting the Internet site (<http://www.bls.gov/ncs/ect/home.htm>). Information in this release will be made available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; Federal Relay Service Number: 1-800- 877-8339.

Historical data and related articles on the ECEC are included in the bulletin, Employer Costs for Employee Compensation, 1986-99 (Bulletin 2508). An historical summary from 1986 through 2002 is also available on the Internet site (<http://www.bls.gov/ncs/ect/home.htm>) or upon request. Information on how costs are calculated appears in "Measuring Trends in the Structure and Levels of Employer Costs for Employee Compensation," Compensation and Working Conditions, Summer 1997. An article on changes in employer compensation costs appears in "Tracking Changes in Benefit Costs," Compensation and Working Conditions, Spring 1999.